

FAR HILLS UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS MEETING

September 12, 2024

The Board of Directors (the "Board") of Far Hills Utility District (the "District") met in regular session, open to the public, at the District's office, 10320 Cude Cemetery Road, Willis, Texas 77318, located within the boundaries of the District, on Thursday, September 12, 2024 at 5:00 p.m., pursuant to the notice of said meeting, whereupon, the roll was called of the members of the Board, to-wit:

James M. Haymon	President
Christopher A. Kuhl	Vice President/Tax Compliance Officer
Melinda M. Shelly	Secretary
David Bock	Assistant Secretary
J. Richard Cutler	Director

All members of the Board were present, except Directors Shelly and Cutler, thus constituting a quorum. Consultants in attendance were: Ms. Meredith King, attorney, and Ms. Raechel Rodriguez (via teleconference), legal assistant, of Radcliffe Adams Barner PLLC ("RAB"), attorney for the District; Mr. Terry Holland of Myrtle Cruz, Inc. (the "Bookkeeper"), bookkeeper for the District; Ms. Erika Mireles and Mr. Sergio Torres of M. Marlon Ivy & Associates, Inc. ("MMIA" or the "Operator"), operator for the District; Mr. Tim Hardin, P.E. of Langford Engineering, Inc. ("Langford" or the "Engineer"), engineer for the District; and Mr. Bill Blich of Blich Associates, Inc., financial advisor for the District.

The President, after finding that notice of the meeting was posted and determining that a quorum of the Board was present, called the meeting to order at 5:02 p.m., and declared it open for such business as may come before the Board.

1. **Public Comment.** There was no public comment.
2. **Minutes.** The Board considered approval of the minutes of the August 8, 2024 regular Board meeting. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the minutes of the August 8, 2024 regular Board meeting.
3. **Public hearing on proposed 2024 tax rate.** Director Haymon next called the public hearing on the 2024 tax rate to order, notice of which was published as required by law in the *Courier of Montgomery County*. There being no public comment, Director Haymon adjourned the public hearing on the proposed 2024 tax rate at 5:02 p.m.
4. **Adopt Order Setting Rate and Levying Tax for 2024 (the "Tax Rate Order").** The Board then considered adoption of the Tax Rate Order. Mr. Blich presented a tax rate analysis, a copy of which is attached hereto, and recommended the Board adopt a total ad valorem tax rate of \$0.638 per \$100 of assessed value for tax year 2024, comprised of \$0.32 per \$100 of assessed valuation for debt service purposes and \$0.318 per \$100 of assessed valuation for operation and maintenance purposes. Upon motion by Director Kuhl, seconded by Director Bock, and after full

discussion with all Directors present voting aye in a roll call vote, the Board voted unanimously to adopt the Tax Rate Order, with a total ad valorem tax rate of \$0.638 per \$100 of assessed value for tax year 2024, comprised of \$0.32 per \$100 assessed valuation for debt service purposes and \$0.318 per \$100 assessed valuation for operation and maintenance purposes for the fiscal year ending ("FYE") December 31, 2025. A copy of the Tax Rate Order is attached hereto.

5. **Approve Amended and Restated District Information Form ("DIF").** Ms. King then reviewed the DIF with the Board, a copy of which is attached hereto, which was required to be amended to show the current tax rate, the outstanding debt and the Notice to Purchasers form, and was to be recorded in the Montgomery County Real Property Records (the "MCRPR"), filed with the Texas Commission on Environmental Quality (the "TCEQ") and posted on the District's website. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the DIF and authorize RAB to record same in the MCRPR, file with the TCEQ and post on the District website, as required by law.

6. **Tax Assessor/Collector's Report.** On behalf of the Montgomery County (the "County") Tax Assessor/Collector, Ms. Tammy McRae, the District's tax assessor/collector, Mr. Holland reviewed with the Board the Tax Assessor/Collector's Report for the month of August, a copy of which is attached hereto. Mr. Holland reported that 98.95% of the 2023 taxes had been collected as of July 31, 2024.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and the question being put to the Board, the Board voted unanimously to accept the Tax Assessor/Collector's Report.

7. **Delinquent Tax Attorney's Report.** Ms. King reviewed with the Board the Delinquent Tax Attorney's Report, a copy of which is attached hereto, and recommended the Board hold its public hearing regarding water termination for non-payment of 2023 delinquent taxes at the October 10, 2024 Board meeting. Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to set the public hearing for water terminations for non-payment of 2023 delinquent taxes for October 10, 2024 at 5:00 p.m.

8. **Bookkeeper's Report.** Mr. Holland presented to the Board the Bookkeeper's Report, including the Investment Report, Budget Summary, Energy Usage Report and Billing/Collection Report, copies of which are attached hereto.

Mr. Hardin noted that Hydro Clear Services, LLC ("Hydro Clear") performed the smoke testing, but did not complete the manhole inspections. Mr. Hardin requested Board approval to void check no. 2076 in the amount of \$24,341.35 and reissue payment to Hydro Clear in the amount of \$15,295.00 for the cost of the smoke testing.

Mr. Holland stated that check nos. 1211, 2089 and 1017 would also need to be voided.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Bookkeeper's Report, as revised; and 2) authorize payment of the bills reflected therein, as revised.

9. **Update on status of proposed sale of the District's Unlimited Tax and Revenue Bonds, Series 2024 (the "Series 2024 Bonds")**. Mr. Blitch reported that five (5) bids were received for the purchase of the Series 2024 Bonds and recommended the Board accept the low bid from Robert W. Baird Co, Inc. ("RWB"), such bid reflecting a net effective interest rate of 4.201795%. Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to accept the bid of RWB (at 5:23 p.m.). A copy of the bid results and debt service schedule for the Series 2024 Bonds are attached hereto.

Ms. King then reviewed the various documents required for the issuance and delivery of the District's Series 2024 Bonds. Ms. King first presented and reviewed with the Board the Order Authorizing Issuance of the Series 2024 Bonds (the "Bond Order"). Ms. King went on to explain that the General Certificate was a summary of the District's history and outlined the authority by which the District was to issue the Series 2024 Bonds. Ms. King explained that the Signature Identification and No-Litigation Certificate, also included in the transcript of proceedings to the Texas Attorney General ("AG") in connection with the Series 2024 Bonds, would be dated the date of the AG's approval of the transcript. Ms. King then stated that the Tax Exemption Certificate certified that the proceeds from the sale of the Series 2024 Bonds were tax-exempt and would not be used contrary to the relevant provisions of the Internal Revenue Code. Ms. King then presented letters to the AG and Texas Comptroller of Public Accounts (the "Comptroller") regarding instructions for the delivery of the Series 2024 Bonds for execution by Director Bock. Ms. King next noted that wire to the AG for \$2,150.00 for review of the transcript would also need to be approved.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) adopt the Bond Order; 2) approve the Series 2024 Bonds Official Statement; 3) approve the General Certificate, Signature Identification and No-Litigation Certificate, Tax Exemption Certificate, 8038-G Internal Revenue Form for the Series 2024 Bonds and authorize execution of same; 4) approve and authorize execution of Paying Agent/Registrar Agreement with UMB Bank, N.A.; 5) approve and authorize execution of letters to AG and Comptroller in connection with issuance of the Series 2024 Bonds; and 6) approve and authorize execution of all other documents and take all other actions necessary concerning the sale, delivery and closing of the Series 2024 Bonds. Copies of the documents outlined above are contained in the District's records.

10. **Engineer's Report**. Mr. Hardin then reviewed the Engineer's Report, a copy of which is attached hereto.

Mr. Hardin reported that the design phase of the emergency interconnect with Montgomery County Utility District No. 2 ("MCUD No. 2") was ongoing, and that Langford would produce the final plans and updated costs estimate for approval, once completed. Ms. King stated that the District was awaiting the countersigned First Amendment to Emergency Water Supply Agreement from MCUD No. 2.

Mr. Hardin then stated that the field work for the smoke testing and manhole inspections in Shelter Bay Estates, Hawthorn Ridge and Far Hills subdivisions was completed. Mr. Hardin reported that deficiencies related to smoke testing were forwarded to MMIA for pricing, approval and repairs. Mr. Hardin noted that the amount of \$15,295.00 to be paid to Hydro Clear was partial

invoicing for smoke testing completed to-date. Mr. Hardin reported that Langford was still awaiting inspection data from Hydro Clear related to the manhole inspections.

Upon motion by Director Bock, seconded by Director Kuhl, after full discussion and with all Directors present voting aye, the Board voted unanimously to approve the Engineer's Report.

Mr. Blitch exited the meeting at this time.

11. **Operations Report.** Ms. Mireles reviewed the Operations Report, a copy of which is attached hereto. Ms. Mireles reported that the District had 830 connections and a 96.36% water accountability ratio for the period ending August 20, 2024.

Mr. Torres reported that there were issues with the flow return at the Wastewater Treatment Plant and that MMIA was still investigating the cause of the issues with the flow rate.

Mr. Torres updated the Board on the status of the cooling tower repairs and stated that delivery of the fans for such repairs were delayed an additional four (4) weeks. Mr. Hardin then explained that he could not locate any commercially-available cranes that could be used for the installation of the fans for the cooling tower repairs.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to: 1) approve the Operations Report; and 2) authorize termination of service to delinquent accounts in accordance with the provisions of the District's Rate Order.

12. **General Maintenance of District Administration Building.** Director Kuhl reported that he received three (3) proposals for the renovation of the District Administration Building that he would disseminate to the Board. Copies of the proposals are attached hereto. It was noted that the renovation or air-conditioning repairs would need to be postponed until after the November 5, 2024 Election.

13. **District facility landscape matters.** Mr. Torres noted he would meet with Director Cutler regarding landscaping matters.

14. **Authorize attendance at Association of Water Board Directors-Texas ("AWBD") 2024 Directors 101 Workshop.** The Board then discussed authorizing the Directors' attendance at the AWBD 2024 Directors 101 Workshop to be held on September 20, 2024, a copy of the flyer for the workshop is attached hereto. Upon motion by Director Kuhl, seconded by Director Bock, and after full discussion with all Directors present voting aye, the Board voted unanimously to authorize the Director's attendance at the AWBD 2024 Directors 101 Workshop.

15. **Attorney's Report.** Ms. King stated she had nothing further to report.

16. **Election Agenda.** The Board then discussed the status of the November 5, 2024 Directors Election (the "Election").

Ms. King then presented the Order Declaring Unopposed Candidates Elected to Office and Cancelling the November 5, 2024 Directors Election (the "Order Canceling Election") for the Board's approval, a copy of which is attached hereto. Ms. King explained that since the candidates

to be listed on the ballot for the 2024 Directors Election, Directors Cutler and Shelly, were unopposed, the District was required to cancel the election.

Upon motion by Director Kuhl, seconded by Director Bock, after full discussion and the question being put to the Board, the Board voted unanimously to adopt the Order Cancelling Election, thereby declaring Directors Shelly and Cutler each elected to office for a four (4) year term to expire in November 2028. Ms. King noted that a copy of the Order Cancelling Election would be posted in the District on Election Day, as required by the Texas Election Code.

17. **Adjournment.** There being no further business to come before the Board, and upon motion by Director Kuhl, seconded by Director Bock, after full discussion and with all Directors present voting aye, the Board voted unanimously to adjourn the meeting at 5:55 p.m.

Passed and approved this 10th day of October, 2024.


Asst. Secretary, Board of Directors

